

FMS TECHNICAL BULLETIN 18-01

DATE: October 1, 2017

SUBJECT: Inactive Projects

Effective October 1, 2017, the following Technical Bulletin applies to project close outs and the identification and treatment of inactive projects.

Proper fiscal control requires closing out projects in a timely manner to prevent funds from becoming idle and projects becoming inactive.

Inactive projects represent state, regional, local and/or federal funding which could be applied to other projects, thereby improving Arizona's transportation infrastructure and the fiscal stewardship of scarce financial resources.

Generally, the most common reasons projects become inactive include:

- The project funding authorization was requested too early (i.e., more than 90 days before the project will incur expenses, including costs associated with kick-off meetings, advertisements or billable work);
- Failure of a local public agency to invoice ADOT timely for incurred costs. ADOT recommends projects be billed at least monthly and no less than quarterly on self-administered (SA) projects or those administered by agencies with certification acceptance (CA) status;
- Lack of notification to applicable parties within ADOT of the completion of the project or specific project phases.

Tracking Project Phase Status

Potential Inactive Project Phase Report Procedure

Project phases with no expenditures for 150 days appear on the Potential Inactive Project Phase Report. This report is produced monthly and uploaded to the Inactive Projects section of the FMS Transportation Funding page on the ADOT Internet site located at [Inactive Projects](#). This report identifies all project phases that will go inactive in the next month.

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| Resource Administration | <ol style="list-style-type: none">1. Downloads current month data from AFIS on the first business day of the month.2. Filters report for all projects with no expenditures in the last 151 to 180 days.3. Saves report and attaches to email sent to WebUpdates |
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	team, WebUpdates@azdot.gov . Email asks to load current month's file to Inactive Projects section of FMS website.
WebUpdates	<ol style="list-style-type: none"> 1. Receives file from FMS. 2. Updates file on website. 3. Sends email back to Resource Administration confirming file has been uploaded.
Resource Administration	<ol style="list-style-type: none"> 1. Confirms file has uploaded correctly. 2. Sends email to Division Representatives, notifying them current month file has been uploaded and is available.
Division Representative	<ol style="list-style-type: none"> 1. Reviews file to determine if any potential inactive project phases belong to their area/group. 2. Notifies Project Manager of any potential inactive project phases.
Project Manager	<ol style="list-style-type: none"> 1. Reviews project and works with project team to verify project phase status. If project phase is complete, notifies Division Representative of status. 2. If project is on-going, ensures legitimate charges are billed in a timely manner.
Division Representative	<ol style="list-style-type: none"> 1. Compiles status on all potential inactive project phases and provides email update back to Resource Administration by the 20th of the month.
Resource Administration	<ol style="list-style-type: none"> 1. Updates Potential Inactive Project Phase report with updates.

Weekly Inactive Project Phase Report Procedure

Once a project phase has not billed for 180 days, it appears on the Weekly Inactive Project Phase Report. This report is produced weekly and lists all projects between 181 and 188 days old. Individual project managers are contacted to inquire about the status of their particular project.

Resource Administration	<ol style="list-style-type: none"> 1. Downloads current week's data from AFIS on the each Wednesday. This covers the period from Wednesday to Tuesday of each week. 2. Filters report for all projects with no expenditures in the last 181 to 188 days. 3. Saves report. 4. Prepares Weekly Inactive Project Phase performance measure. 5. Contacts individual Project Managers via email to ask about status of project.
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Project Manager	<ol style="list-style-type: none"> 1. Reviews project and works with project team to verify project phase status. If project phase is complete, notifies Resource Administration of status. 2. If project is on-going, ensures legitimate charges are billed in a timely manner.
Resource Administration	<ol style="list-style-type: none"> 1. Updates Weekly Inactive Project Phase report with updates provided by Project Managers.

Inactive Project Phase Report Procedure

Any inactive project phases that are not cleared up within the first month of appearing on the Weekly Inactive Project Phase report appear on the Inactive Project Phase Report. This report is produced monthly and uploaded to the Inactive Projects section of the FMS Transportation Funding page on the ADOT Internet site located at [Inactive Projects](#). This report includes all project phases that have not had billable activity for at least 180 days.

Resource Administration	<ol style="list-style-type: none"> 1. Downloads current month data from AFIS on the first business day of the month. 2. Filters report for all projects with no expenditures in the last 181 to 210 days. 3. Saves report and attaches to email sent to WebUpdates team, WebUpdates@azdot.gov. Email asks to load current month's file to Inactive Projects section of FMS website.
WebUpdates	<ol style="list-style-type: none"> 1. Receives file from FMS. 2. Updates file on website. 3. Sends email back to Resource Administration confirming file has been uploaded.
Resource Administration	<ol style="list-style-type: none"> 1. Confirms file has uploaded correctly. 2. Sends email to Division Representatives, notifying them current month file has been uploaded and is available.
Division Representative	<ol style="list-style-type: none"> 1. Reviews file to determine if any inactive project phases belong to their area/group. 2. Notifies Project Manager of any inactive project phases.
Project Manager	<ol style="list-style-type: none"> 1. Reviews project and works with project team to verify project phase status. If project phase is complete, notifies Division Representative of status. 2. If project is on-going, reviews project status to provide update to Resource Administration. Update should include current status, why the project is inactive, next steps to take

	project from inactive status and status on funding.
	3. Project Manager provides update back to Division Representative to forward on to Resource Administration.
	4. All updates must be submitted to Resource Administration within 30 days.
Division Representative	1. Compiles status on all inactive project phases and provides email update back to Resource Administration by the 20 th of the month.
Resource Administration	2. Updates Inactive Project Phase report with updates.

Project Phase Close-Out

Once a project phase is complete, the Project Manager should email Resource Administration and request that the project phase be closed out; this includes working with technical areas to ensure all billings are complete and any open encumbrances are liquidated. ADOT FMS will release excess funding back to the appropriate funding source; Statewide or Maricopa Association of Governments Regional Transportation Plan Freeway Program (MAG RTPFP) contingency for ADOT projects, or for local projects the funding will be released back to the COG or MPO for reprogramming on other projects (by June 30th) or loan to another COG or MPO by March 31st.

The intent is to free up funding not required on the project phase for use on other projects. The following categories list specific project administration, project phase activities and treatment of those project phases.

ADOT Administered / ADOT Funded - Development Project Phase Close Out:

These are projects where ADOT is administering the project development and is using funding that is allocated to the Department.

Resource Administration	<ol style="list-style-type: none"> 1. Receives the Agreement Estimate Recapitulation from Contracts and Specifications or Procurement. This is the awarded contract amount for the project. 2. Adjusts the construction funding to agree with the recapitulation. 3. Releases all unencumbered funding on the development phases of the project, excluding Right of Way acquisition and Utility relocation project phases. 4. If there are encumbered funds on the development phases, Resource Administration leaves those funds on the project phases, and contacts project manager to review open encumbrances.
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Project Manager	<ol style="list-style-type: none"> 1. Receives email from Resource Administration identifying open encumbrances on development project phases. 2. Review encumbrances to verify if work is complete. 3. If work is complete, asks Engineering Consultant Services or appropriate technical section to release encumbrances. 4. If encumbrance needs to remain open, emails Resource Administration to leave encumbrance on project phase and provides date when work should be completed.
Resource Administration	<ol style="list-style-type: none"> 1. Releases additional funds once encumbrances have been closed out. Funds are returned to the appropriate Statewide or MAG RTPFP contingency account. 2. For encumbrances requiring to be left open, updates Open Project Phase log and notates date project phase should be complete. 3. Places development project phases in “C – Review Complete by Resource Administration” status.

ADOT Administered / ADOT Funded – Right of Way Acquisition/Utility Relocation Project Phase Close Out:

These are projects where ADOT is administering the right of way acquisition and utility relocation phases of a project and is using funding that is allocated to the Department.

Project Manager	<ol style="list-style-type: none"> 1. Works with the Right of Way and or Utility and Railroad Section to determine the status of right of way acquisitions and utility relocations. 2. Once the project phases are complete, emails Resource Administration to release funding on the project phase.
Resource Administration	<ol style="list-style-type: none"> 1. Receives email from Project Manager identifying project phase can be closed. 2. Releases remaining project phase funds. Funds are returned to the appropriate Statewide or MAG RTPFP contingency account. 3. Places development project phases in “C – Review Complete by Resource Administration” status.

ADOT Administered / ADOT Funded – Non-Construction Project Phase Close Out:

These are projects where ADOT is administering non construction project phases, including planning and research projects, studies and miscellaneous work activities and the funding is ADOT.

Project Manager	<ol style="list-style-type: none"> 1. Verifies all work activities are complete. This includes coordinating with technical sections to verify work is complete and encumbrances have been liquidated. 2. Prepares Project Phase Close Out letter certifying the project phase is complete. 3. Emails Resource Administration to release funding on the project phase, including copy of project close out letter.
Resource Administration	<ol style="list-style-type: none"> 1. Receives email from Project Manager identifying project phase can be closed. 2. Releases remaining project phase funds. Funds are returned to the appropriate Statewide or MAG RTPFP contingency account. 3. Places development project phases in “C – Review Complete by Resource Administration” status. 4. For projects with singles phases, the project close out package is forwarded to Final Voucher for finalization.

ADOT Administered / Local Funded - Development Project Phase Close Out:

These are projects/project phases where ADOT is administering the project development and construction and is using funding that is allocated to a regional planning organization and the matching funds, if necessary, are provided by a local public agency.

Resource Administration	<ol style="list-style-type: none"> 1. Receives the Agreement Estimate Recapitulation from Contracts and Specifications or Procurement. This is the awarded contract amount for the project. 2. Adjusts the construction funding to agree with the recapitulation. 3. Releases all unencumbered funding on the development phases of the project, excluding Right of Way acquisition and Utility relocation project phases. 4. If there are encumbered funds on the development phases, Resource Administration leaves those funds on the project phases, and contacts project manager to review open encumbrances.
Project Manager	<ol style="list-style-type: none"> 1. Receives email from Resource Administration identifying open encumbrances on development project phases. 2. Review encumbrances to verify if work is complete.

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| | <ol style="list-style-type: none"> 3. If work is complete, asks Engineering Consultant Services or appropriate technical section to release encumbrances. 4. If encumbrance needs to remain open, emails Resource Administration to leave encumbrance on project phase and provides date when work should be completed. |
| Resource Administration | <ol style="list-style-type: none"> 1. Releases additional funds once encumbrances have been close out. Released funds are returned to the COG/MPO for reprogramming and are reflected on the next month's COG/MPO Ledger. The funds must be either transferred or loaned by March 31st or obligated to another project by June 30th. Any unobligated funds will revert to ADOT after June 30th. Any local funds will be returned to the LPA upon completion of the project final voucher. 2. For encumbrances requiring to be left open, updates Open Project Phase log and notates date project phase should be complete. 3. Places development project phases in "C – Review Complete by Resource Administration" status. |

ADOT Administered / Local Funded – Right of Way Acquisition/Utility Relocation Project Phase Close Out:

These are projects where ADOT is administering the right of way acquisition and utility relocation phases of a project and is using funding that is allocated to a regional planning organization and the matching funds, if necessary, are provided by a local public agency.

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| Project Manager | <ol style="list-style-type: none"> 1. Works with the Right of Way and or Utility and Railroad Section to determine the status of right of way acquisitions and utility relocations. 2. Once the project phases are complete, emails Resource Administration to release funding on the project phase. |
| Resource Administration | <ol style="list-style-type: none"> 1. Receives email from Project Manager identifying project phase can be closed. 2. Releases additional funds once encumbrances have been close out. Released funds are returned to the COG/MPO for reprogramming and are reflected on the next month's COG/MPO Ledger. The funds must be either transferred or loaned by March 31st or obligated to another project by June 30th. Any unobligated funds will revert to ADOT after June 30th. Any local funds will be returned to the LPA upon completion of the project final voucher. |

3. Places development project phases in “C – Review Complete by Resource Administration” status.

ADOT Administered / Local Funded – Non-Construction Project Phase Close Out:

These are projects where ADOT is administering non construction project phases, including planning and research projects, studies and miscellaneous work activities and is using funding that is allocated to a regional planning organization and the matching funds, if necessary, are provided by a local public agency.

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| Project Manager | <ol style="list-style-type: none">1. Verifies all work activities are complete. This includes coordinating with technical sections to verify work is complete and encumbrances have been liquidated.2. Prepares Project Phase Close Out letter certifying the project phase is complete.3. Emails Resource Administration to release funding on the project phase, including copy of project close out letter. |
| Resource Administration | <ol style="list-style-type: none">1. Receives email from Project Manager identifying project phase can be closed.2. Releases additional funds once encumbrances have been close out. Released funds are returned to the COG/MPO for reprogramming and are reflected on the next month's COG/MPO Ledger. The funds must be either transferred or loaned by March 31st or obligated to another project by June 30th. Any unobligated funds will revert to ADOT after June 30th. Any local funds will be returned to the LPA upon completion of the project final voucher.3. Places development project phases in “C – Review Complete by Resource Administration” status.4. For projects with singles phases, the project close out package is forwarded to Final Voucher for finalization. |

Inactive Project Deobligation – ADOT Projects

Projects that are no longer valid and cannot demonstrate fiscal viability will be closed and have their funding deobligated. These are projects with funding controlled by ADOT.

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| Resource Administration | <ol style="list-style-type: none">1. Sends email to Project Manager outlining current project status (funds available, days inactive) and identify steps necessary to remove project from Inactive/Pending Deobligation status. |
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Project Manager	<ol style="list-style-type: none"> 1. Receives email from Resource Administration identifying potential deobligation. 2. Within 30 days of receipt of email reviews project and identifies if project should remain active or can be closed out 3. Emails Resource Administration on status.
Resource Administration	<ol style="list-style-type: none"> 1. Receives email from Project Manager. 2. If project is to remain open updates Project Phase Log and identifies steps to keep project open and completion date. 3. Review log periodically to ensure tasks are complete and projects have moved back to active status. 4. If project is to be closed, sends email to ADOT Project Manager and MPO (if project is within a MPO boundary) identifying the project cancellation. <ol style="list-style-type: none"> a. Email will contain date of deobligation action and copy of paperwork showing project cancellation. 5. Releases remaining project phase funds. Funds are returned to the appropriate Statewide or MAG RTPFP contingency account. 6. Once funding is released, project is sent to Final Voucher for project finalization.

Inactive Project Deobligation – Local Projects

Projects that are no longer valid and cannot demonstrate fiscal viability will be closed and have their funding deobligated. These are projects with funding controlled by a COG/MPO.

Resource Administration	<ol style="list-style-type: none"> 1. Sends email to Project Manager outlining current project status (funds available, days inactive) and identify steps necessary to remove project from Inactive/Pending Deobligation status.
Project Manager	<ol style="list-style-type: none"> 1. Receives email from Resource Administration identifying potential deobligation. 2. Within 30 days of receipt of email reviews project and identifies if project should remain active or can be closed out 3. Emails Resource Administration on status.
Resource Administration	<ol style="list-style-type: none"> 1. Receives email from Project Manager. 2. If project is to remain open updates Project Phase Log and identifies steps to keep project open and completion date.

3. Review log periodically to ensure tasks are complete and projects have moved back to active status.
- ADOT Chief Financial Officer
1. If project is to be closed, sends email to the Local Public Agency, COG/MPO, FHWA ADOT Local Public Agency and the ADOT Project Manager identifying the project cancellation.
 - a. Email will contain date of deobligation action and copy of paperwork showing project cancellation.
 - b. Treatment of the deobligated funding
 - c. If necessary, invoice to local public agency to repay and federal funds reimbursed
- Resource Administration
1. Releases funds. Released funds are returned to the COG/MPO for reprogramming and are reflected on the next month's COG/MPO Ledger. The funds must be either transferred or loaned by March 31st or obligated to another project by June 30th. Any unobligated funds will revert to ADOT after June 30th. Any local funds will be returned to the LPA upon completion of the project final voucher
 2. Once funding is released, project is sent to Final Voucher for project finalization.

Any questions regarding this Bulletin can be directed to the Resource Administration staff.

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